

EXHIBIT 3
DATE 02/16/07
HB 681

**Statement of PPL Montana
Before the Federal Relations, Energy and Telecommunications Committee
Of the Montana House of Representatives
Regarding House Bill No. 681
February 16, 2007**

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Mr. Chairman and members of the Committee:

My name is Mark Lambrecht, Manager of Regulatory Affairs for PPL Montana.

PPL opposes HB 681. This bill attempts to overturn the thoughtful determinations made on these issues in the last legislative session. It will cost businesses in Montana that currently buy power from competitive energy suppliers millions of dollars—businesses that are located in many of your districts and who employ your neighbors and constituents. It will also affect a large number of jobs in Montana and harm the prospects for economic development in Montana.

HB 681 intends to add competitive retail suppliers to the list of entities that must comply with the Renewable Power Production and Rural Economic Development Act. This will raise costs of supply for competitive energy suppliers. But competitive energy suppliers will not bear such costs for long. They will be passed onto customers--namely large commercial and industrial businesses who employ thousands of Montanans.

After it was initially proposed in the last legislative session, this law was amended to exclude application to competitive energy suppliers. HB 681 seeks to overturn that decision and enact substantial regulatory and cost burdens on competitive energy suppliers, and, in turn, on the businesses they serve.

Even worse, HB 681 is unduly discriminatory. It does not provide competitive energy suppliers the existing protections of MCA Section 69-8-1007. This section relieves the public utilities, such as NorthWestern and MDU, from obligations to buy renewable power if the power is more expensive than buying the equivalent amount of power from other non-renewable suppliers.

Also, MCA Section 69-8-1004 relieves public utilities of any penalties for non-compliance if renewable power is more expensive under MCA Section 69-8-1007. Thus the costs of compliance for public utilities are effectively capped at the cost of alternative non-renewable supplies, without any penalties for failing to buy renewables if they are more expensive than the alternatives. On the other hand, competitive energy suppliers must buy such renewable supplies and pass such costs on to their customers, no matter how high the costs of renewable power, in order to comply with the law as proposed in this bill.

Please give this bill a "do not pass" recommendation to help keep costs down for Montana's businesses and consumers.